

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

November 30, 2023

A handwritten signature in black ink, appearing to read "Eugene H. Schied", is displayed on a light gray rectangular background.

**EUGENE H. SCHIED
CHIEF FINANCIAL OFFICER**

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

MANAGEMENT OVERVIEW

November 30, 2023

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$123.3 million. The balance decreased by \$13.4 million for the month primarily due to cash disbursements for operating expenses and capital expenditures. The cash position is considered sufficient to cover current and future budgetary obligations of the Fund through April 2024, at which time the Fund will collect the 2024 operating fees from its credit union members.

Amount due from National Credit Union Share Insurance Fund of \$27.3 thousand represents the receivable for expenses paid by the Operating Fund.

Other accounts receivable, net had a month-end balance of \$292.9 thousand. Its balance increased by \$127.3 thousand from prior month.

Accounts payable are trade, relocation and inter-agency payables. The balance decreased by \$1.6 million for the month primarily due to vendor/trade and overhead transfer payables.

Accrued wages and benefits are earned by NCUA staff, but remain unpaid at month-end.

Accrued annual leave is leave earned by NCUA staff, but not yet used.

Statements of Revenues, Expenses, and Changes in Fund Balance

Expenses in excess of revenues totaled \$1.3 million for the month. Operating fee revenue reflects one-twelfth of the 2023 Operating Fees. Expenses, net are after the overhead transfer rate adjustment that allocates a portion of expenses to the Share Insurance Fund.

Statements of Cash Flows

The cash position decreased \$13.4 million from prior month. In the current month, \$12.7 million was used in operating activities, \$646.6 thousand was used in investing activities, and there were no financing activities.

Other Information

The Agency had 29 vacancies as of month-end, which represents 2.4 percent of the total authorized staff of 1,225. Of the 29 vacancies, there was no vacancies under authorized positions in the central office and 29 vacancies under the authorized positions in the regions and Asset Management and Assistance Center (AMAC).

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**BALANCE SHEETS
As of November 30, 2023 and 2022
(Dollars in thousands)**

	November 2023	November 2022
ASSETS		
Cash and cash equivalents	\$ 123,258	\$ 133,137
Due from National Credit Union Share Insurance Fund	27	19
Other accounts receivable, net	293	216
Prepaid expenses and other assets	7,478	5,772
Operating lease right-of-use assets ⁴	2,021	410
Fixed assets ¹	34,540	33,524
Intangible assets ²	22,537	26,538
TOTAL ASSETS	\$ 190,154	\$ 199,616
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued other liabilities	\$ 22,489	\$ 21,663
Finance lease liabilities	159	103
Operating lease liabilities ⁴	2,021	432
Accrued wages and benefits	9,006	7,135
Accrued FECA and unemployment benefits	436	392
Accrued actuarial FECA benefits	3,664	3,283
Deferred revenue ³	9,561	9,132
Accrued annual leave	24,965	23,451
TOTAL LIABILITIES	72,301	65,591
FUND BALANCE	117,853	134,025
TOTAL LIABILITIES AND FUND BALANCE	\$ 190,154	\$ 199,616

¹ Net of accumulated depreciation of \$44,221 and \$40,256 as of November 30, 2023 and 2022, respectively.

² Net of accumulated amortization of \$35,220 and \$29,914 as of November 30, 2023 and 2022, respectively.

³ The Operating Fund recognizes operating fee revenue ratably over the calendar year. The deferred revenue is the remaining amount to be recognized over the remainder of the calendar year.

⁴ The implementation of ASC 842, as of January 1, 2022, resulted in a balance sheet recognition of right-of-use assets in the amount of \$715 thousand and operating lease liabilities of \$744 thousand. The finance lease right-of-use asset is included within the Fixed assets line item in the amount of \$20 thousand.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
For the periods ended November 30, 2023 and 2022
(Dollars in thousands)

	November 2023	Year-to-Date November 2023	Year-to-Date November 2022
REVENUES			
Operating fees	\$ 9,561	\$ 105,167	\$ 100,450
Interest	551	6,366	1,978
Other	57	379	380
Total Revenues	<u>10,169</u>	<u>111,912</u>	<u>102,808</u>
EXPENSES, NET ¹			
Employee wages and benefits	8,431	93,685	82,017
Travel	616	5,653	1,732
Rent, communications, and utilities	132	1,919	1,644
Contracted services	1,873	20,850	22,316
Depreciation and amortization	329	3,377	3,336
Administrative	105	1,714	1,307
Total Expenses, Net	<u>11,486</u>	<u>127,198</u>	<u>112,352</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	(1,317)	(15,286)	(9,544)
FUND BALANCE—Beginning of period	<u>119,170</u>	<u>133,139</u>	<u>143,569</u>
FUND BALANCE—End of period	<u>\$ 117,853</u>	<u>\$ 117,853</u>	<u>\$ 134,025</u>

¹ Operating Fund expenses are the total NCUA operating expenses reduced by the Share Insurance Fund allocation as determined by the overhead transfer rate.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

STATEMENTS OF CASH FLOWS
For the periods ended November 30, 2023 and 2022
(Dollars in thousands)

	November 2023	Year-to-Date November 2023	Year-to-Date November 2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues over (under) expenses	\$ (1,317)	\$ (15,286)	\$ (9,544)
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities before allocation to the NCUSIF:			
Depreciation and amortization	872	8,923	8,793
Noncash operating lease expense ¹	-	308	304
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(27)	(8)	4,899
Employee advances	-	-	5
Other accounts receivable, net	(127)	60	83
Prepaid expenses and other assets	195	(2,808)	(1,881)
(Decrease) increase in liabilities			
Accounts payable	(1,639)	1,888	4,394
Operating lease liabilities ¹	-	(325)	(312)
Accrued wages and benefits	(1,114)	(2,640)	(5,209)
Accrued FECA and unemployment benefits	-	253	217
Accrued actuarial FECA benefits	-	381	(716)
Deferred revenue	(9,561)	9,561	9,132
Accrued annual leave	-	1,853	1,302
Accrued employee travel	-	(250)	(93)
Net Cash Provided by/(Used in) Operating Activities	(12,718)	1,910	11,374
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of fixed and intangible assets	(647)	(5,631)	(7,831)
Net Cash Provided by/(Used in) Investing Activities	(647)	(5,631)	(7,831)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments under finance lease liabilities	-	(32)	(21)
Net Cash Provided by/(Used in) Financing Activities	-	(32)	(21)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(13,365)	(3,753)	3,522
CASH AND CASH EQUIVALENTS—Beginning of period	136,623	127,011	129,615
CASH AND CASH EQUIVALENTS—End of period	\$ 123,258	\$ 123,258	\$ 133,137
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Recognition of operating lease right-of-use assets	\$ -	\$ 2,021	\$ 715
Retirement of fully depreciated assets	\$ -	\$ 327	\$ 8,559
Acquisition of equipment under finance lease	\$ -	\$ (31)	\$ (99)

¹ The implementation of ASC 842, as of January 1, 2022, resulted in quarterly amortization adjustments reflected in the statement of cash flows for operating lease right-of-use assets and related liabilities.

The balances in the statement above are preliminary and unaudited.